

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities. The securities offered by this prospectus have not been, and will not be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States of America. See "Plan of Distribution".

Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Middlefield Limited, the manager of MINT Income Fund, at 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8, Telephone (403) 269-2100, and also are available electronically at www.sedar.com.

SHORT FORM PROSPECTUS

New Issue

December 19, 2012

MINT

INCOME FUND

OFFERING OF 12,600,000 RIGHTS
TO PURCHASE A MAXIMUM OF 4,200,000 UNITS

Subscription Price: \$9.00 per Unit

If a Unitholder (as defined below) elects not to exercise the Rights (as defined below) issued to that Unitholder, or elects to sell or transfer those Rights, then the value of the Units (as defined below) currently held by that Unitholder may be diluted as a result of the exercise of the Rights by others. If a Unitholder does not exercise its Rights and other holders of Rights exercise any of their Rights, such Unitholder's current percentage in the Fund (as defined below) will be diluted by the issue of Units under the Offering (as defined below). There is currently no market through which the Rights may be sold. See "Details of the Offering – Dilution to Existing Unitholders" and "Risk Factors".

This short form prospectus qualifies the distribution of 12,600,000 rights ("Rights") of MINT Income Fund (the "Fund"). Pursuant to this short form prospectus, an aggregate of 12,600,000 Rights to purchase from the Fund a maximum of 4,200,000 units ("Units") of the Fund at a subscription price per Unit (the "Subscription Price") equal to \$9.00, being approximately 91% of the closing price of the Units on the Toronto Stock Exchange (the "TSX") on December 18, 2012, are issuable upon the terms set forth herein (the "Offering"). This short form prospectus also qualifies the Units issuable upon exercise of the Rights.

The Offering

Record Date:	January 2, 2013 (the "Record Date").
Commencement Date:	Rights may be exercised commencing on January 3, 2013.
Maximum Number of Units Issuable Pursuant to the Offering:	4,200,000 Units. There is no minimum number of Units.
Entitlement to Rights:	One Right for each Unit held at the close of business (Toronto time) on the Record Date.
Subscription Price:	\$9.00 per Unit of the Fund, which equals approximately 91% of the closing price of the Units on the TSX on December 18, 2012.
Expiration Time of Rights:	4:00 p.m. (Toronto time) on January 28, 2013 (the "Rights Expiry Time").

Basic Rights Subscription Privilege: Three Rights entitles the holder to purchase one Unit at the Subscription Price.

Additional Rights Subscription Privilege: Holders of Rights who exercise their Rights under the Basic Rights Subscription Privilege (as described under “Details of the Offering – Basic Rights Subscription Privilege”) are entitled to subscribe *pro rata* for Units, if any, not purchased initially pursuant to the exercise of Rights, under the Additional Rights Subscription Privilege (as described under “Details of the Offering – Additional Rights Subscription Privilege”).

Net Proceeds: Estimated to be \$37,390,000, after deduction of Subscription Fees (as defined below) and estimated expenses, assuming the exercise of all Rights issued hereunder. See “Use of Proceeds”.

Stand-By Commitment: The Fund has no stand-by commitment with any person to purchase any Units not otherwise purchased upon the exercise of Rights.

The Fund is a closed-end investment trust governed under the laws of the Province of Alberta. The Fund is invested in an actively managed, diversified portfolio (the “**Portfolio**”) comprised primarily of high-yielding equity securities. The head office of the Fund is located at 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8.

The Fund will issue to holders of Units (“**Unitholders**”) of record at the close of business (Toronto time) on the Record Date, Rights to purchase a maximum of 4,200,000 Units. Three Rights entitle the holder to purchase one Unit upon payment of the Subscription Price at or prior to the Rights Expiry Time. **Rights not exercised by the Rights Expiry Time will be void and of no value.** The number of Units made available pursuant to the Offering is based on the current number of outstanding Units and an estimate of the number of Units that may be issued, redeemed and repurchased on or before the Record Date. The Rights will be evidenced by fully transferable certificates in registered form (“**Rights Certificates**”). Each Unitholder at the close of business (Toronto time) on the Record Date will receive one Right for each Unit held. A holder of a Right is not, by virtue of such Right, a Unitholder and does not have any of the rights of a Unitholder (including the right to receive any distribution which may be declared payable on the Units). The Rights are fully transferable by holders.

There is no assurance that the Fund will be able to continue to achieve its objectives. See “Risk Factors” for a discussion of various risk factors that should be considered by prospective purchasers of Units.

The Units are listed and posted for trading on the TSX under the symbol “MID.UN”. As of the close of business on December 18, 2012, being the last trading day prior to the date of this short form prospectus, the closing price of the Units on the TSX was \$9.86 per Unit. The Rights will commence trading on the TSX under the symbol “MID.RT” on December 28, 2012 and the TSX has approved the listing of the Units issuable upon the exercise thereof. Listing will be subject to the satisfaction of standard listing requirements of the TSX.

MFL Management Limited, at its principal office in Toronto, Ontario (the “**Subscription Office**”), is the subscription agent for the Offering (the “**Subscription Agent**”) pursuant to a subscription agency agreement between the Fund and the Subscription Agent. Holders of Rights Certificates may exercise such Rights and purchase Units by delivering Rights Certificates, duly completed and executed, together with the Subscription Price for each Unit subscribed for, to the Subscription Office in the manner and upon the terms set out in this short form prospectus and the Rights Certificate. See “Details of Offering – Subscription Agent”.

	<u>Price</u>	<u>Fees</u>	<u>Net Proceeds to the Fund⁽²⁾</u>
Per Unit under Offering	\$9.00	\$0.05 ⁽¹⁾	\$8.95
Total Offering ⁽³⁾	\$37,800,000	\$210,000 ⁽⁴⁾	\$37,590,000

Notes:

- (1) The Fund has engaged Middlefield Capital Corporation as dealer manager (in such capacity the “**Dealer Manager**”) and has requested that it form a soliciting dealer group to endeavour to solicit the exercise of the Rights. The Fund will pay a subscription fee (“**Subscription Fee**”) of \$0.05 for each subscription of a Unit procured by the Dealer Manager or a member of the soliciting dealer group, subject to a maximum Subscription Fee of \$1,500 and a minimum Subscription Fee of \$85 paid in respect of any single beneficial subscriber and provided that no Subscription Fee will be paid in respect of an exercise of Rights to purchase less than 250 Units by any single beneficial subscriber. See “Plan of Distribution”.
- (2) Before deducting the expenses of the Offering estimated to be \$200,000, including a fee of \$50,000 payable to the Dealer Manager (the “**Dealer Manager Fee**”), which will be paid by the Fund. See “Plan of Distribution”.
- (3) Assumes that the maximum number of Units are issued under the Offering.
- (4) The total fees assume that \$0.05 is paid per Unit for the maximum number of Units issuable under the Offering, disregarding the maximum and minimum Subscription Fee payable in respect of any single beneficial subscriber.

Middlefield Capital Corporation, which is the Dealer Manager and the investment advisor to the Fund, is an affiliate of Middlefield Limited, which is the trustee and the manager of the Fund. Consequently, the Fund may be considered a “connected issuer” of Middlefield Capital Corporation under applicable securities legislation. Middlefield Capital Corporation will receive no benefit in connection with this Offering other than receiving an advisory fee (from the manager), the Dealer Manager Fee, as well as the Subscription Fees with respect to subscriptions of Units procured by the Dealer Manager and a portion of the service fee payable by the Fund. See “Plan of Distribution”.

The Fund is not a trust company and is not registered under legislation of any jurisdiction governing trust companies as it does not carry on, nor does it intend to carry on, the business of a trust company. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements included in this short form prospectus and the documents incorporated by reference herein constitute forward-looking statements, and such statements may be identified by the expressions “intend”, “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “should”, “outlook”, “target” and similar expressions (including negative and grammatical variations) to the extent they relate to the Fund (as defined below), the Manager (as defined below) or the Advisor (as defined below). Forward-looking statements are not historical facts but reflect the Fund’s current expectations regarding future results or events. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including matters discussed under “Risk Factors” and elsewhere in this short form prospectus.

By their nature, forward-looking statements require the Fund, the Manager and the Advisor to make assumptions about future events which include, among other things, that the Fund will continue to have sufficient assets under management to effect its investment strategy, the investment strategy will produce the results intended by the Fund, the markets will react and perform in a manner consistent with the investment strategy and as to the use of net proceeds of this Offering (as defined below) by the Fund.

The Fund believes the expectations reflected in forward-looking statements are reasonable. However, the Fund cannot assure you that these expectations will prove to be correct. An investor should not unduly rely on forward-looking statements included in, or incorporated by reference into, this short form prospectus. These forward-looking statements speak only as of the date of this short form prospectus or as of the date specified in the documents incorporated by reference into this short form prospectus, as the case may be.

The Fund’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the following factors, which are described in greater detail under the heading “Risk Factors”, as well as those set out elsewhere in this short form prospectus and in the documents incorporated by reference in this short form prospectus including under the heading “Risk” in the Annual Management Report (as defined below):

- there is no assurance that the Fund will be able to achieve or continue achieving its objectives;
- the NAV (as defined below) per Unit (as defined below) will vary as the fair value of the securities in the Portfolio (as defined below) varies and the Fund has no control over the factors that affect the fair value of the securities in the Portfolio;
- general risks associated with changes in the composition of the Portfolio and concentration of investments;
- the risks of investing in common shares, including the general risks of equity investments such as changing general economic conditions and industry specific conditions;
- the NAV will vary depending on a number of factors which are not within the control of the Fund, including performance of the Portfolio, which performance will be affected by

various factors impacting the performance of the securities in which the Fund invests including changes in interest rates, fluctuations of commodity prices and performance of equity markets generally;

- the NAV and the market price of Units are highly sensitive to interest rate fluctuations;
- Units may trade in the market at a premium or a discount to NAV per Unit;
- risks inherent in exploration for natural resources and the speculative nature of the business activities of issuers involved primarily in oil and gas or renewable energy exploration and development;
- investments in real estate investment trusts are subject to general risks associated with real property investments;
- commodity price fluctuations;
- the risks associated with investments in high yield debt securities;
- reliance on the Advisor for investment advice in relation to the Portfolio;
- the possibility of the Fund being unable to acquire or dispose of illiquid securities;
- risks associated with the use of leverage by the Fund;
- the amount of option premiums will depend upon, among other factors, the implied volatility of the price of the underlying security and the level of implied volatility is subject to market forces and is beyond the control of the Advisor or the Fund;
- liquidity and counterparty risks associated with the writing of covered call options and cash covered put options and other risks associated with the use of derivative instruments;
- the Fund not being subject to regulation as a public mutual fund and the Fund not being a trust company or registered under legislation of any jurisdiction governing trust companies;
- counterparty risks associated with securities lending;
- risks associated with short sales of securities;
- Unitholders will have no ownership interest in the securities comprising the Portfolio;
- risks relating to substantial redemptions of Units;
- the possible loss of an investment in Units;
- foreign currency exposure;
- foreign market exposure;
- Units being different from traditional equity securities and debt instruments;

- tax related risks; and
- potential changes in legislation, including tax legislation.

The foregoing list of factors is not exhaustive and when considering forward-looking statements to make decisions with respect to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund, the Manager and the Advisor do not undertake, and specifically disclaim, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this prospectus from documents filed with the securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Middlefield Limited, the manager of the Fund, at 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8, Telephone (403) 269-2100, and also are available electronically at www.sedar.com.

The following documents filed with the securities commission or other similar authority in each of the provinces and territories of Canada are specifically incorporated by reference in and form an integral part of this short form prospectus:

- the annual information form of the Fund dated March 27, 2012 (the “AIF”);
- the comparative annual audited financial statements of the Fund for the fiscal year ended December 31, 2011, together with the accompanying report of the auditor thereon;
- the annual management report of fund performance of the Fund for the year ended December 31, 2011 (the “Annual Management Report”);
- the comparative unaudited interim financial statements of the Fund for the six months ended June 30, 2012; and
- the interim management report of fund performance of the Fund for the six months ended June 30, 2012.

Any documents of the type referred to above, any material change reports (excluding confidential material change reports) and any other documents required to be incorporated by reference into this short form prospectus and subsequently filed by the Fund with the securities commissions and other similar authorities in each of the provinces and territories of Canada after the date of this short form prospectus and prior to the termination or completion of the Offering shall be deemed to be incorporated by reference into this short form prospectus.

Any statement contained herein or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statements. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any information set forth in the document or

statement that it modifies or supersedes. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus. The making of a modifying or superseding statement shall not be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

THE FUND

MINT *Income Fund* (the “**Fund**”) is a closed-end investment trust governed under the laws of Alberta pursuant to a trust agreement (as supplemented, amended and restated, the “**Trust Agreement**”). The manager of the Fund is Middlefield Limited (in such capacity, the “**Manager**”) and the investment advisor to the investment portfolio of the Fund (the “**Portfolio**”) is Middlefield Capital Corporation (“**MCC**” or the “**Advisor**”). Middlefield Limited also is the trustee of the Fund (in such capacity, the “**Trustee**”). The Trustee and the Manager (or any replacement thereof) shall at all times be a resident of Canada for the purposes of the *Income Tax Act* (Canada) (the “**Tax Act**”). The head office of the Fund is located at 812 Memorial Drive N.W., Calgary, Alberta, T2N 3C8.

Status of the Fund

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds including National Instrument 81-102 – *Mutual Funds* of the Canadian Securities Administrators (“**NI 81-102**”).

The Fund differs from a mutual fund in a number of respects, most notably as follows: (i) the units of the Fund (the “**Units**”) are redeemable only on November 30 of each year at an amount that is calculated with reference to the net asset value (“**NAV**”) of the Units, whereas the securities of most mutual funds are redeemable daily at net asset value; (ii) the Units are listed on the Toronto Stock Exchange (the “**TSX**”) whereas the securities of most mutual funds are not listed on a stock exchange; (iii) unlike most mutual funds, the Units are not offered on a continuous basis; and (iv) the Fund is permitted to borrow whereas most mutual funds are not permitted to do so.

Overview of the Fund

The investment objectives of Fund include providing holders of Units (“**Unitholders**”) with (i) a high level of sustainable income distributed monthly over the life of the Fund, (ii) a cost-effective method of reducing the risk of investing in high income securities, and (iii) the potential for capital appreciation by investing in an actively managed, diversified portfolio comprised primarily of high yielding equity securities.

DETAILS OF THE OFFERING

Issue of Rights and Record Date

Holders of Units at the close of business (Toronto time) on January 2, 2013 (the “**Record Date**”) will be issued rights (“**Rights**”) of the Fund on the basis of one Right for each Unit held at that time. Pursuant to the distribution of Rights, an aggregate of 12,600,000 Rights to purchase from the Fund a maximum of 4,200,000 Units at a subscription price per Unit (the “**Subscription Price**”) equal to \$9.00, being approximately 91% of the closing price of the Units on the TSX on December 18, 2012, are issuable upon the terms set forth herein (the “**Offering**”). This short form prospectus also qualifies the Units issuable upon exercise of the Rights. The number of Units made available pursuant to the Offering is based on the current number of outstanding Units and an estimate of the number of Units that may be issued, redeemed and repurchased on or before the Record Date.

Three Rights entitle the holder to purchase one Unit upon payment of the Subscription Price under the Basic Rights Subscription Privilege (as described and defined below) at or prior to the Rights Expiry Time (as defined below). **Rights not exercised by the Rights Expiry Time will be void and of no value.**

Subscription Basis

Three Rights entitle the holder to purchase at or prior to the Rights Expiry Time one Unit at the Subscription Price of \$9.00, which equals approximately 91% of the closing price of the Units on the TSX on December 18, 2012 (the “**Basic Rights Subscription Privilege**”). See “Details of the Offering – Basic Rights Subscription Privilege”. Fractional Units will not be issued upon exercise of the Rights and holders of a total number of Rights not evenly divisible by three will not be entitled to purchase an additional Unit with any remainder of less than three Rights. Unitholders who exercise three or more Rights to purchase one or more Units under the Basic Rights Subscription Privilege shall be entitled to subscribe for further Units (the “**Additional Rights Subscription Privilege**”) as described under “Details of the Offering – Additional Rights Subscription Privilege”. The Subscription Price was determined by negotiation between the Fund and MCC as dealer manager (in such capacity the “**Dealer Manager**”).

Commencement Date and Rights Expiry Time

The Rights may be exercised commencing on January 3, 2013 (the “**Rights Commencement Date**”) and at any time at or prior to 4:00 p.m. (Toronto time) on January 28, 2013 (the “**Rights Expiry Time**”). Holders of Rights who properly exercise the Rights pursuant to the terms and conditions contained in this short form prospectus will become Unitholders of the Fund upon the completion of the Offering (which is expected to occur on or about the fifth business day following the Rights Expiry Time). **Rights not exercised by the Rights Expiry Time will be void and of no value.**

Rights Certificates

The Rights will be evidenced by certificates (“**Rights Certificates**”) registered in the name of the Unitholders of record entitled thereto.

Units Held Through CDS

Unitholders who hold their Units through a participant (“**CDS Participant**”) of CDS Clearing and Depository Services Inc. (“**CDS**”) will not receive Rights Certificates evidencing their ownership of Rights; rather, on or about the Record Date, a Rights Certificate evidencing the total number of Rights to which each such Unitholder is entitled will be issued in registered form to CDS or its nominee and is expected to be deposited with CDS on the Commencement Date. The Fund expects that each beneficial Unitholder will receive a confirmation of the number of Rights issued to it from its CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS will be responsible for establishing and maintaining book-entry accounts for its participants’ holding of Rights.

None of the Fund, the Subscription Agent (as defined below), the Manager, the Trustee or the Dealer Manager will have any liability for (i) the records maintained by CDS or CDS Participants relating to the Rights or the book-entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representation made or given by CDS or CDS Participants with respect to the rules and regulations of CDS or any action to be taken by CDS or its participants.

The ability of a person having an interest in Rights held through a CDS Participant to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical Rights Certificate.

Unitholders whose Units are held through a CDS Participant must arrange purchases or transfers of Rights and the exercise of Rights to purchase Units through CDS Participants. The Fund anticipates that each such purchaser of a Right or Unit will receive a customer confirmation of purchase from the

CDS Participant from whom such Right or Unit is purchased in accordance with the practices and procedures of such CDS Participant.

Units Held in Registered Form Other Than Through CDS

In the case of a Unitholder that holds its Units in registered form other than through CDS, the Rights will be issued in registered form to those Unitholders and a Rights Certificate evidencing the total number of Rights to which each registered Unitholder is entitled will be delivered to each such Unitholder together with a copy of this short form prospectus. A holder of a Right is not, by virtue of such Right, a Unitholder and does not have any of the rights of a Unitholder (including the right to receive any distribution which may be declared on the Units).

For those Unitholders whose Units are held in registered form, unless the Subscription Agent is instructed otherwise in writing, Units acquired through the exercise of Rights will be registered in the name of the person to whom the Rights Certificate was issued or to whom the Rights are transferred. Certificates evidencing such Units will be mailed by ordinary pre-paid mail as soon as practicable after the Rights Expiry Time.

Exercise of Rights

In order to exercise subscription rights conferred by the Rights issued pursuant to the Offering, a holder of such Rights will be required to deposit at the office (set forth below) of MFL Management Limited (in such capacity, the “**Subscription Agent**”) the Rights Certificate(s) representing the Rights to be exercised, together with the duly completed and executed subscription form (“**Form 1**”) on the Rights Certificate(s). Any holder of a Rights Certificate who wishes to participate in the Additional Rights Subscription Privilege must also complete and sign the additional subscription form (“**Form 2**”) on the Rights Certificate. The Rights are exercisable at any time on and after the Rights Commencement Date until the Rights Expiry Time. The Rights Certificate and completed Form 1 (and completed Form 2, if applicable) must be accompanied by payment of the aggregate Subscription Price for all Units subscribed for, including Units subscribed for under the Additional Rights Subscription Privilege. Payments of any service charge, commission or other fee payable in connection with the exercise or trade of Rights (other than the Subscription Fee as defined under “Plan of Distribution”) is the responsibility of the holder of Rights. The holder of Rights also must pay all stamp, issue, registration or other similar taxes and duties (if any) consequent upon the issue or delivery of the related Unit or Units. The date on which the Rights are deemed to be exercised is the date on which the Rights Certificate and subscription form related thereto and the aggregate Subscription Price are delivered to the Subscription Agent at the office of the Subscription Agent set forth under “Details of the Offering – Subscription Agent”. However, no Units will be issued, and a person exercising Rights will not be a holder of the Units issuable pursuant to the exercise of such Rights, prior to the completion of the Offering which is expected to occur on or about the fifth business day following the Rights Expiry Time.

Basic Rights Subscription Privilege

A subscriber may subscribe for the resulting whole number of Units or any lesser whole number of Units represented by a Rights Certificate by delivering the Rights Certificate to the Subscription Agent along with payment of the Subscription Price for each Unit subscribed for, or by instructing the CDS Participant holding the subscriber’s Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Unit subscribed for in accordance with the terms of the Offering to the CDS Participant which holds the subscriber’s Rights.

The Subscription Price is payable in Canadian funds by certified cheque, bank draft or money order drawn to the order of the Subscription Agent or, in respect of CDS Participants, by direct debit from

the subscriber's brokerage account or by electronic funds transfer or other similar payment mechanism. All payments must be forwarded to the offices of the Subscription Agent or, in the case of a Unitholder that holds its Units through a CDS Participant, to the appropriate office of the CDS Participant. The entire Subscription Price for Units subscribed for must be paid at the time of subscription and must be received by the Subscription Agent prior to the Rights Expiry Time. Accordingly, if you are subscribing through a CDS Participant, you must deliver your payment (by method described above) and instructions sufficiently in advance of the Rights Expiry Time to allow the CDS Participant to properly exercise Rights on your behalf. Unitholders are encouraged to contact their broker or other CDS Participant as each CDS Participant may have a different cut-off time.

To determine the maximum whole number of Units for which subscriptions may be made under the Basic Rights Subscription Privilege, a subscriber should divide the number of Rights to which the subscriber is entitled by three and round down to the nearest whole number. CDS Participants that hold Rights for more than one beneficial holder may, upon providing evidence satisfactory to the Fund and the Subscription Agent, exercise Rights on behalf of its accounts on the same basis as if the beneficial owners of Units were holders of record on the Record Date.

Notwithstanding anything to the contrary in this short form prospectus, the Rights may be exercised only by a holder of Rights who at the time of exercise is not located in the United States, did not acquire the Rights while in the United States, is not a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**1933 Act**")) and is not exercising the Rights for resale to or for the account or benefit of a U.S. person or a person in the United States. See "Details of the Offering – Unitholders Outside Canada". Payment of the Subscription Price will constitute a representation to the Fund, the Subscription Agent, the Dealer Manager, and to any CDS Participant that the subscriber is not located in the United States, did not acquire Rights while in the United States, is not a U.S. person or the agent of any U.S. person and is not exercising the Rights and/or purchasing the Units for the account or benefit of, or for resale to, any U.S. person or a person in the United States.

Subscriptions for Units made in connection with the Offering either directly or through a CDS Participant will be irrevocable and subscribers will be unable, and will not have the right, to withdraw their subscriptions for Units once submitted.

Holders of Rights who wish to exercise their Rights and receive Units are reminded that if Rights are to be exercised through a CDS Participant, CDS and/or the CDS Participant may have a deadline for the exercise of Rights that is earlier than the Rights Expiry Time, and a significant amount of time may elapse from the date of exercise and the date the Units issuable upon the exercise thereof are issued to the holder.

Additional Rights Subscription Privilege

Each holder of Rights who has initially subscribed for Units under the Basic Rights Subscription Privilege may subscribe for any number of additional Units, if available, at a price equal to the Subscription Price for each additional Unit, subject to availability.

The number of Units available for all additional subscriptions, if any (the "**Additional Units**"), will be that number equal to the total number of Units not subscribed for pursuant to the Basic Rights Subscription Privilege at the Rights Expiry Time. Each subscription for Additional Units will be received subject to allotment and confirmation of the exercise of Rights by the subscriber under the Basic Rights Subscription Privilege, and the number of Additional Units which may be allotted to each subscriber will be equal to the lesser of (a) the number of Additional Units subscribed for under the Additional Rights Subscription Privilege, and (b) the product (disregarding fractions) obtained by multiplying the number of Additional Units available to be issued by a fraction, the numerator of which is the number of Rights

exercised by that applicant under the Basic Rights Subscription Privilege and the denominator of which is the aggregate number of Rights exercised under the Basic Rights Subscription Privilege by all Unitholders that have properly subscribed for Additional Units under the Additional Rights Subscription Privilege. If any holder of Rights has subscribed for fewer Additional Units than such holder's *pro rata* allotment of Additional Units, the excess Additional Units will be allotted in a similar manner among the holders who were allotted fewer Additional Units than they subscribed for.

To apply for Additional Units under the Additional Rights Subscription Privilege, any holder of a Rights Certificate who completes Form 1 on the Rights Certificate for the exercise of three or more Rights to purchase one or more Units pursuant to the Basic Rights Subscription Privilege also must complete Form 2 on the Rights Certificate and specify the number of Additional Units desired to be subscribed for and any unregistered holder of Rights must forward its request to the CDS Participant prior to the Rights Expiry Time. Payment for Additional Units, in the same manner as for the Basic Rights Subscription Privilege, must accompany the Rights Certificate and the request for Additional Units when it is delivered to the Subscription Agent, or the CDS Participant, as the case may be. Any excess funds will be returned by the Subscription Agent or credited to a subscriber's account with its CDS Participant by the Subscription Agent, as applicable, without interest or deduction. Payment of such Subscription Price must be received by the Subscription Agent prior to the Rights Expiry Time, failing which the subscriber's entitlement to such Units shall terminate. Accordingly, if a subscriber is applying through a CDS Participant, the subscriber must deliver its payment and instructions sufficiently in advance of the Rights Expiry Time to allow the CDS Participant to properly exercise Rights on its behalf.

Sale or Transfer of Rights

Holders of Rights in Canada may, instead of exercising their Rights to purchase Units, sell or transfer their Rights. Holders of Rights in registered form may transfer some or all of such Rights to others by delivery of the Rights Certificate, providing that the transfer form ("**Form 3**") on the Rights Certificate has been duly executed, to the Subscription Agent. The Fund has applied to the TSX to list the Rights and the Units issuable upon the exercise thereof. Listing will be subject to the Fund fulfilling all the listing requirements of the TSX.

Unregistered holders of Rights who wish to sell or transfer their Rights must do so in the same manner in which they sell or transfer Units; in particular, by providing instructions to the CDS Participant holding their Rights in accordance with the policies and procedures of the CDS Participant.

Dividing or Combining Rights

A Rights Certificate may be divided or combined with other Rights Certificates by completing the appropriate form ("**Form 4**") on the back of the Rights Certificate and delivering the Rights Certificate to the Subscription Agent. The Subscription Agent then will issue new Rights Certificates in such denominations (totalling the same number of Rights as evidenced by the Rights Certificates being divided or combined, less any Rights which are being exercised by the holder as evidenced by a completed Form 1) as are requested by the holder. Rights Certificates must be surrendered for division or combination so as to permit the new Rights Certificates to be issued to and used by the holder prior to the Rights Expiry Time.

Subscription Agent

The Subscription Agent has been appointed by the Fund to perform various services relating to the exercise of Rights, including receiving subscriptions for Units and payment of the Subscription Price from holders of Rights, and issuing certificates representing the Units so subscribed for, and also acting as

agent for Unitholders whose address of record is outside Canada as described below under “Details of the Offering – Unitholders Outside Canada”.

The Subscription Agent will accept subscriptions for Units and payment of the Subscription Price from holders of Rights Certificates only at its office at the following address:

By Regular Mail:

MFL Management Limited
1 First Canadian Place
58th Floor
P.O. Box 192
Toronto, Ontario
M5X 1A6

By Hand, Courier or Registered Mail:

MFL Management Limited
1 First Canadian Place
58th Floor
Toronto, Ontario
M5X 1A6

The Fund may pay a fee consistent with industry practice to the Subscription Agent in its capacity as subscription agent.

Stand-By Commitment

The Fund has no stand-by commitment agreement with any person to purchase any Units not otherwise subscribed for and purchased on the exercise of Rights.

Dilution to Existing Unitholders

If a Unitholder wishes to retain that holder’s current percentage ownership in the Fund and assuming that all Rights are exercised, that holder should purchase the Units for which the holder may subscribe pursuant to the Rights delivered under this Offering. If that holder does not do so and other holders of Rights exercise any of their Rights, that holder’s current percentage ownership in the Fund will be diluted by the issue of Units pursuant to the Offering.

Unitholders Outside Canada

All registered Unitholders whose recorded address is outside Canada are advised that their Rights will be issued to and held by the Subscription Agent, for the account of such Unitholders, who may benefit as set out below.

The Rights and the Units issuable upon the exercise thereof have not been, and will not be, registered under the 1933 Act. The Offering is made in each of the provinces and territories of Canada only and not in the United States of America or any territory, possession, or jurisdiction thereof or other jurisdictions outside of Canada. The Offering is not, and under no circumstances is to be construed as, an offering of any Rights or Units for sale in the United States of America or any territory, possession, or jurisdiction thereof or an offering to or for the account or benefit of any U.S. person or a solicitation therein of an offer to buy any securities. Accordingly, subject to the exception described below, the Subscription Agent will not accept subscriptions from any Unitholder or from any transferee of Rights

who is or appears to be, or who the Subscription Agent has reason to believe is, a U.S. person or a resident of the United States of America or any territory or possession thereof or a resident of any other jurisdiction outside of Canada (“**Ineligible Unitholders**”).

Notwithstanding the foregoing, Ineligible Unitholders who establish to the satisfaction of the Subscription Agent that the receipt by them of the Rights and the issuance to them of Units upon the exercise of the Rights will not be in violation of the laws of their jurisdiction of residence or the jurisdiction in which they are located at the time of such receipt or issuance may be allowed to exercise the Rights.

Rights Certificates will not be issued and forwarded by the Subscription Agent to Ineligible Unitholders. Unitholders will be presumed to be resident in the place of their registered address, unless the contrary is shown to the satisfaction of the Subscription Agent. Rights Certificates in respect of Ineligible Unitholders will be issued to and held by the Subscription Agent, as agent for the benefit of Ineligible Unitholders.

The Subscription Agent will hold the Rights of Ineligible Unitholders until January 21, 2013 in order to give Ineligible Unitholders an opportunity to prove to the satisfaction of the Subscription Agent that they are residents of a province or territory of Canada and/or that the issue of Units pursuant to the exercise of Rights will not be in violation of the laws of the applicable jurisdiction. Following such date, the Subscription Agent may, prior to the Rights Expiry Time and for the account of each Ineligible Unitholder, attempt to sell the Rights allocable to each such Ineligible Unitholder and evidenced by Rights Certificates in the possession of the Subscription Agent on such date or dates and at such price or prices and in such manner as the Subscription Agent shall determine in its sole discretion. Neither the Fund nor the Subscription Agent will be subject to any liability for the failure to sell any Rights of Ineligible Unitholders or as a result of the sale of any Rights at a particular price or on a particular day.

No charge will be made for the sale of Rights by the Subscription Agent except for any brokerage commissions incurred by the Subscription Agent and the costs of or incurred by the Subscription Agent in connection with the sale of the Rights. Ineligible Unitholders will not be entitled to instruct the Subscription Agent in respect of the price or the time or the manner in which the Rights are to be sold. The Subscription Agent may endeavour to effect sales of Rights on the open market and any proceeds received by the Subscription Agent with respect to the sale of respective Rights, net of brokerage fees and costs incurred and, if applicable, of Canadian tax required to be withheld, will be delivered by mailing cheques (in Canadian funds and without payment of any interest) as soon as practicable to such Ineligible Unitholders whose Rights were sold, at their addresses recorded on the books of the Subscription Agent. Amounts of less than \$1.00 will not be forwarded. Neither the Fund nor the Subscription Agent accepts responsibility for the price obtained on the sale of, or the inability to sell, the Rights on behalf of any Ineligible Unitholder. Neither the Fund nor the Subscription Agent will be subject to any liability for the failure to sell any Rights of Ineligible Unitholders or as a result of the sale of any Rights at a particular price or on a particular day or in a particular manner. There is a risk that the proceeds received from any sale of Rights will not exceed the brokerage fees and costs of or incurred by the Subscription Agent in connection with such sale of the respective Rights and, if applicable, the Canadian tax required to be withheld. In such event, no proceeds will be forwarded.

Ineligible Unitholders are cautioned that the acquisition and disposition of Rights and Units may have tax consequences in the jurisdiction where they reside and in Canada which are not described herein.

Undeliverable Prospectuses

If a short form prospectus is returned to the Subscription Agent prior to the Rights Expiry Time as undeliverable, the associated Rights will be held by the Subscription Agent until the Rights Expiry

Time, after which time the associated Rights and Units issuable upon the exercise of such Rights will, subject to the Additional Rights Subscription Privilege, be void and of no value.

Prior Warrant Offering

On February 25, 2010, the Fund issued 11,250,000 warrants (the “**February 2010 Warrants**”) to subscribe for up to 11,250,000 Units under a short form prospectus dated February 17, 2010. On February 15, 2011, the Fund issued 11,143,780 Units for gross proceeds of \$108.65 million upon the exercise of the February 2010 Warrants.

FEES AND EXPENSES

Expenses of the Offering

The expenses of the Offering (including the costs of preparing and printing this short form prospectus, legal expenses, expenses of the auditors, translation fees and the Dealer Manager Fee), which are estimated to be \$200,000 in the aggregate, will be paid by the Fund.

Subscription Fee

In addition to the foregoing expenses of the Offering, the Fund will pay a Subscription Fee of \$0.05 for each subscription of a Unit procured by the Dealer Manager or a member of the soliciting dealer group, subject to a maximum Subscription Fee of \$1,500 and a minimum Subscription Fee of \$85 paid in respect of any single beneficial subscriber and provided that no Subscription Fee will be paid in respect of an exercise of Rights to purchase less than 250 Units by any single beneficial subscriber. The Subscription Fee will be calculated based on the aggregate number of applicable Units issued pursuant to both the Basic Rights Subscription Privilege and the Additional Rights Subscription Privilege in respect of any single beneficial subscriber.

Dealer Manager Fee

The Dealer Manager will be entitled to a fee of \$50,000 (the “**Dealer Manager Fee**”) for services provided pursuant to the Dealer Manager Agreement (as defined below).

Management Fees

The Fund pays the Manager a management fee equal to 1.0% per annum of the NAV, calculated and payable monthly in arrears based on the average NAV of the preceding month.

Advisor Fees

The Advisor receives a fee for its services which is payable by the Manager (not the Fund).

Operating Expenses

The Fund is responsible for the payment of all expenses relating to the operation of the Fund and the carrying on of its activities, including fees payable to the Subscription Agent in connection with the Offering.

STOCK EXCHANGE LISTING

The Units are listed and posted for trading on the TSX under the symbol “MID.UN”. As of the close of business on December 18, 2012, being the last trading day prior to the date of this short form prospectus, the closing price of the Units on the TSX was \$9.86 per Unit. The Rights will commence trading on the TSX under the symbol “MID.RT” on December 28, 2012 and the TSX has approved the listing of the Units issuable upon the exercise thereof. Listing will be subject to the satisfaction of standard listing requirements of the TSX.

LOAN FACILITY

The Fund entered into a loan facility (the “**Loan Facility**”) with a Canadian chartered bank (the “**Lender**”). The Lender is at arm’s length to the Fund, the Trustee and the Manager and their respective affiliates and associates.

The Loan Facility permits the Fund to borrow an amount not exceeding 30% of the aggregate market value of the assets within the Portfolio, which borrowing may be used for various purposes, including purchasing additional securities for the Portfolio, effecting market purchases of Units, maintaining liquidity and funding redemptions. The interest rates, fees and expenses under the Loan Facility are typical of credit facilities of this nature and the Fund has provided a security interest in favour of the Lender over the assets of the Fund to secure such borrowings. In order to ensure that the total amount borrowed by the Fund under the Loan Facility does not exceed at any time 30% of the aggregate market value of the assets within the Portfolio, the Manager will take appropriate steps with the Portfolio securities which may include liquidating certain of the Portfolio securities and using the proceeds thereof to reduce the amount outstanding under the Loan Facility. As at December 18, 2012, the Fund had borrowed under the Loan Facility an amount equal to approximately 7.4% of the aggregate market value of the assets within the Portfolio.

The Loan Facility contains provisions to the effect that in the event of a default under the Loan Facility, the Lender’s recourse will be limited solely to the assets of the Fund. Such provisions are intended to ensure that Unitholders will not be liable for the obligations of the Fund under the Loan Facility.

DESCRIPTION OF UNITS AND UNITHOLDER MATTERS

Fund Units

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, fractional and undivided interest in the net assets of the Fund. All Units have equal rights and privileges. Each Unit entitles the holder thereof to the same rights and obligations as a holder of any other Unit and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholder. Each Unitholder is entitled to one vote for each whole Unit held and each Unit is entitled to participate equally with respect to any and all distributions made by the Fund to Unitholders, including distributions of net income and capital gains, if any. The Fund may subdivide or consolidate the Units from time to time in such manner as the Manager determines appropriate, provided that any such subdivision or consolidation will not change the rights attaching to the Units.

To enhance liquidity and to provide market support for the Units, the Fund has a mandatory market purchase program under which the Fund is, subject to the following exceptions and to compliance with any applicable regulatory requirements, obligated to purchase any Units offered on the TSX at the then prevailing market price on the TSX if, at any time, the price at which Units are then offered for sale

on the TSX is less than 95% of the NAV per Unit as at the close of business in Toronto, Canada on the immediately preceding business day. The maximum number of Units to be purchased by the Fund pursuant to such mandatory market purchase program in any calendar quarter is 1.25% of the number of Units outstanding at the beginning of such calendar quarter. In addition, the Trust Agreement provides that the Fund is not obligated to make such purchases if, among other things, (i) in the opinion of the Manager such transactions, if consummated, could result in the marketability of the Units being severely impaired to the detriment of the Unitholders, (ii) in order to fund the purchase, the Fund is not able to liquidate Portfolio securities in an orderly manner consistent with the Fund's investment criteria and restrictions or, alternatively, it is not in the best interests of the Unitholders to do so, or (iii) in the judgment of the Manager, there is (A) any material legal action or proceeding instituted or threatened, challenging such transactions or otherwise materially adversely affecting the Fund, or (B) a suspension of or limitation on prices for trading securities generally on any exchange on which Portfolio securities of the Fund are traded.

In addition, the Trust Agreement provides that the Fund has the right (but not the obligation), exercisable in its sole discretion, at any time, to purchase additional Units in the market, subject to any applicable regulatory requirements and certain other limitations.

Meetings of Unitholders and Extraordinary Resolutions

The Trustee may, at any time, convene a meeting of the Unitholders and will be required to convene a meeting on receipt of a request, in writing, by Unitholders holding in aggregate 25% or more of the outstanding Units. The Manager will call and give notice of any meeting of Unitholders as may from time to time be required by applicable law.

Any matter to be considered at a meeting of Unitholders, other than certain matters requiring the approval of Unitholders by Extraordinary Resolution (as defined below), will require the approval of Unitholders by a resolution passed by holders of not less than 50% of the Units voting thereon at a meeting duly convened for the consideration of such matter. A quorum for any meeting convened to consider such matter will consist of two or more Unitholders present in person or by proxy and representing not less than 5% of the Units outstanding. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Unitholders, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days nor more than 21 days later, selected by the Manager and notice will be given to the Unitholders of such adjourned meeting. The Unitholders present in person or represented by proxy at any adjourned meeting will constitute a quorum.

Notwithstanding the foregoing, certain matters will require the approval of Unitholders by extraordinary resolution (an "**Extraordinary Resolution**"). An Extraordinary Resolution is a resolution passed by holders of not less than 66 2/3% of the Units voting thereon at a meeting duly convened for the consideration of such matter. A quorum for any meeting convened to consider a matter requiring the approval of Unitholders by Extraordinary Resolution will consist of two or more Unitholders present in person or by proxy and representing not less than 5% of the Units then outstanding. If a quorum is not present at a meeting within 30 minutes after the time fixed for the meeting, the meeting, if convened pursuant to a request of Unitholders, will be cancelled, but otherwise will be adjourned to another day, not less than 10 days nor more than 21 days later, selected by the Manager and notice will be given to the Unitholders of such adjourned meeting. The Unitholders present in person or by proxy at any adjourned meeting will constitute a quorum. The Manager, in respect of any Units which may be held by it from time to time, insiders (as such expression is defined in the *Securities Act* (Ontario)) of the Fund, affiliates of the Manager, and any director or officer of such persons who hold Units, shall not be entitled to vote

on any Extraordinary Resolution to be adopted by the Unitholders. The following matters may be undertaken only with the approval of Unitholders by an Extraordinary Resolution:

- (a) the confirmation of the appointment of a new manager of the Fund in certain circumstances where the Manager is removed by the Trustee pursuant to the Management Agreement or where the Management Agreement is terminated pursuant to its terms;
- (b) the termination of the investment management agreement among the Advisor, the Manager and the Fund in respect of the Portfolio;
- (c) certain amendments to the Trust Agreement other than those described under “Description of Units and Unitholder Matters - Amendments to the Trust Agreement”; and
- (d) approval of a proposal to Unitholders providing for an alternative to the extension of the Fund as described under “Description of Units and Unitholder Matters - Termination of the Fund”.

The Fund does not hold annual meetings of Unitholders.

Amendments to the Trust Agreement

The Trust Agreement may be amended with the consent of the Unitholders given by Extraordinary Resolution. However, unless all of the Unitholders consent thereto, no amendment can be made to the Trust Agreement which would have the effect of reducing the interest in the Fund of the Unitholders, increasing the liability of any Unitholder, or changing the right of a Unitholder to vote at any meeting. No amendment can be made to the Trust Agreement which would have the effect of reducing the fees payable to the Manager or terminating the Manager unless the Manager, in its sole discretion, consents.

Notwithstanding the foregoing, the Manager may, without the approval of or notice to Unitholders, amend the Trust Agreement for certain limited purposes specified therein, including to:

- (a) cure an ambiguity with any provision of the Trust Agreement or for the purpose of supplementing any provision which may be defective or inconsistent with another provision;
- (b) ensure that the Fund will comply with any applicable laws or requirements of any governmental agency or authority of Canada or of any province;
- (c) ensure that the Fund satisfies certain provisions of the Tax Act;
- (d) ensure that the Units qualify or continue to qualify as investments for registered retirement savings plans, deferred profit sharing plans, registered retirement income funds or registered education savings plans under the Tax Act;
- (e) ensure that additional benefit or protection is provided for the interest of Unitholders or the Fund as the Manager may consider expedient or beneficial;
- (f) make any typographical or other non-substantive changes that are necessary or desirable for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omission, mistake or manifest error therein; or

- (g) bring the Trust Agreement into conformity with what the Manager believes is current practice within the securities industry, provided that any such amendment does not adversely affect the pecuniary value of the interests of the Unitholders.

The determination of whether an amendment to the Trust Agreement is for any of the above purposes is within the sole discretion of the Manager. In addition to the foregoing, the Manager may, without the approval of or notice to Unitholders, amend the Trust Agreement to the extent it determines it necessary or desirable to effect the special resolutions approved by Unitholders at special meetings held on February 16, 2006 and August 12, 2009.

Potential Fund Mergers

Subject to receipt of any required regulatory approvals, the Manager may merge or otherwise combine or consolidate the Fund (a “**Merger**”) with any one or more other funds managed by Middlefield Group Limited or an affiliate thereof (including a fund formed after the date of this prospectus), provided that:

- (a) the funds to be merged have similar investment objectives as set forth in their respective governing instruments, as determined in good faith by the respective managers of such funds in their sole discretions;
- (b) the managers of the funds to be merged have determined in good faith that there is likely to be a reduction in the aggregate general and administrative expenses attributed to the combined fund as a result of the Merger as compared to those of the funds prior to the Merger, and that there is expected to be no increase in the management expense ratio as a result of the Merger;
- (c) the Merger of the funds is done on a relative NAV per unit basis; and
- (d) the Merger of the funds is capable of being accomplished on a tax-deferred “rollover” basis under the Tax Act for unitholders of each of the merging funds or otherwise without adverse income tax consequences to the unitholders of each of the merging funds.

Termination of the Fund

The Fund will continue until January 31, 2015 and thereafter the term of the Fund shall automatically be extended for further five year terms unless Unitholders approve an alternative to the Fund’s extension at a meeting called for such purpose (the date set by Unitholders for the termination of the Fund being referred to herein as the “**Termination Date**”). Any proposal by the Manager to terminate the Fund must be presented not less than six months and not more than 12 months prior to January 31, 2015 or the end of any further successive five-year term of the Fund. In order to be implemented, such proposal must obtain the approval of Unitholders by Extraordinary Resolution provided that a quorum at any meeting to consider such a proposal shall consist of two or more persons present in person or by proxy representing not less than 10% of the outstanding Units and at any such adjourned meeting a quorum shall consist of those Unitholders present in person or represented by proxy.

Prior to the Termination Date, the Manager will, to the extent practicable, convert the assets of the Fund to cash. The Manager may, in its discretion and upon not less than 30 days prior written notice to Unitholders, extend the Termination Date by a period of 90 days if the Advisor advises the Manager that the Advisor would be unable to convert all the Portfolio assets to cash and the Manager determines that it would be in the best interests of the Unitholders to do so.

PLAN OF DISTRIBUTION

Pursuant to a dealer manager agreement dated December 19, 2012 (the “**Dealer Manager Agreement**”) between the Fund and the Dealer Manager, the Dealer Manager has agreed to provide professional advice in connection with the Offering. The Dealer Manager has agreed (i) to endeavour to solicit the exercise of Rights, and (ii) if required by the Fund in writing, and subject to written agreement as to commercial terms, to use its best commercial efforts to create and maintain an orderly market for the sale and purchase of Rights. The Fund has agreed to pay a subscription fee of \$0.05 (“**Subscription Fee**”) for each subscription of a Unit procured by the Dealer Manager or a member of the soliciting dealer group pursuant to the exercise of Rights, subject to a maximum Subscription Fee of \$1,500 and a minimum Subscription Fee of \$85 in respect of Rights exercised by or on behalf of any single beneficial subscriber, provided that no Subscription Fee will be paid in respect of an exercise of Rights to purchase less than 250 Units by any single beneficial subscriber. The Dealer Manager will be entitled to a fee of \$50,000 (the “**Dealer Manager Fee**”) for services provided in connection with the Offering, as well as the Subscription Fees with respect to subscriptions of Units procured by the Dealer Manager, which will be paid by the Fund. The above-noted Subscription Fee will be calculated based on the aggregate number of applicable Units issued pursuant to both the Basic Rights Subscription Privilege and the Additional Rights Subscription Privilege in respect of any single beneficial subscriber. The Fund has requested the Dealer Manager to form a group of soliciting dealers (the “**Soliciting Dealers**”). The applicable Subscription Fee will be paid to a Soliciting Dealer that procures a subscription of Units pursuant to the exercise of Rights. The obligations of the Dealer Manager under the Dealer Manager Agreement may be terminated at the discretion of the Dealer Manager on the basis of its assessment of the financial markets and upon the occurrence of certain stated events.

This prospectus qualifies the distribution of the Rights and the Units issuable upon the exercise of the Rights. The Subscription Price was determined by negotiation between the Fund and the Dealer Manager.

MCC, which is the Dealer Manager and the Advisor, is an affiliate of Middlefield Limited, which is the Trustee and the Manager of the Fund. Consequently, the Fund may be considered a “connected issuer” of MCC under applicable securities legislation. MCC will receive no benefit in connection with this Offering other than receiving an advisory fee (from the Manager), the Dealer Manager Fee, as well as the Subscription Fees with respect to subscriptions of Units procured by the Dealer Manager and a portion of the service fee payable by the Fund. MCC had no involvement in the decision to distribute pursuant to this short form prospectus the Rights or Units issuable pursuant to the exercise thereof. MCC did not require, and was not required to consent to, the Offering.

The Dealer Manager and each Soliciting Dealer has agreed that it will solicit the exercise of Rights only in jurisdictions in which it is registered to do so under applicable securities laws or where it is otherwise exempt from the requirement to be registered. The Dealer Manager has agreed that neither the Dealer Manager nor any Soliciting Dealer will solicit acceptances or offer to sell Units in the United States or its territories, possessions, or jurisdictions or from U.S. Persons (as that term is defined in Regulation S under the 1933 Act) except as permitted by applicable United States federal and state securities laws. The Rights and Units issuable pursuant to the exercise thereof have not been, and will not be, registered under the 1933 Act, as amended. Accordingly, the Rights and the Units will not be offered, sold or delivered in the United States or its territories, possessions, or jurisdictions.

USE OF PROCEEDS

The net proceeds to the Fund from the exercise of the Rights will be as follows:

	<u>Maximum Offering⁽¹⁾</u>
Gross proceeds to the Fund.....	\$37,800,000
Subscription Fees ⁽²⁾	\$210,000
Estimated expenses of issue ⁽³⁾	<u>\$200,000</u>
Net proceeds to the Fund	\$37,390,000

Notes:

- (1) Assumes the exercise of all of the Rights.
- (2) Assumes the maximum amount of Subscription Fees are paid on the basis of \$0.05 per Unit, disregarding the maximum and minimum Subscription Fee payable in respect of any single beneficial subscriber.
- (3) Includes the Dealer Manager Fee.

The Fund will use the net cash proceeds of this Offering to (i) invest in securities for the Portfolio in accordance with the Fund's investment objectives, strategy and criteria as soon as practicable after the closing of this Offering, and (ii) fund the ongoing fees and expenses of the Fund.

PRIOR SALES OF UNITS

Since December 1, 2011, the following number of Units were issued from treasury and sold by the Fund at the price per Unit indicated below:

<u>Date of Issue</u>	<u>Number of Units⁽¹⁾</u>	<u>Price per unit⁽²⁾</u>
April 26, 2012	1,767	\$10.04
October 26, 2012	1,553	\$10.55
November 22, 2012	1,624	\$9.81

Notes:

- (1) Issued pursuant to the distribution reinvestment plan of the Fund (the "Reinvestment Plan").
- (2) Price per Unit determined pursuant to the Reinvestment Plan.

NAV AND TRADING PRICE AND VOLUME OF THE UNITS

The Units are listed and posted for trading on the TSX under the symbol "MID.UN". As at the close of business on December 18, 2012, being the last trading day prior to the date of this short form prospectus, the closing price of the Units on the TSX was \$9.86 per Unit and the NAV per Unit was \$10.11. The following table sets forth the NAV per Unit range, market price per Unit range and trading volume of the Units on the TSX for the calendar periods indicated:

<u>Period</u>	<u>NAV</u>		<u>Closing Market Price</u>		<u>Volume</u>
	<u>Low (\$)</u>	<u>High (\$)</u>	<u>Low (\$)</u>	<u>High (\$)</u>	
2011					
December.....	10.27	10.41	9.95	10.15	132,000
2012					
January.....	10.48	10.76	10.12	10.45	191,099
February.....	10.67	10.84	10.33	10.63	151,856
March.....	10.36	10.77	10.15	10.58	180,863
April.....	10.06	10.22	9.65	10.23	112,538
May.....	9.85	10.18	9.50	10.13	156,170

Period	NAV		Closing Market Price		Volume
	Low (\$)	High (\$)	Low (\$)	High (\$)	
June.....	9.63	9.94	9.32	9.63	181,777
July.....	9.89	10.18	9.67	10.13	90,284
August.....	10.10	10.40	9.88	10.28	164,779
September.....	10.24	10.68	10.00	10.37	217,599
October.....	10.53	10.76	10.31	10.60	210,868
November.....	9.81	10.61	9.80	10.50	145,956
December 1 to 18.....	10.01	10.11	9.75	10.08	89,360

CONSOLIDATED CAPITALIZATION

The following table sets forth the number of Units outstanding and the NAV of the Fund before and after giving effect to the Offering:

Designation	Authorized	As at	As at	As at December 18, 2012
		June 30, 2012	December 18, 2012	after giving effect to this Offering ⁽¹⁾⁽²⁾⁽³⁾
Units	Unlimited	12,270,413	12,238,389	16,800,000
NAV		\$122,510,950	\$123,742,962	\$164,698,446

Notes:

- (1) Net of the estimated expenses of the Offering.
- (2) Assumes the exercise of all Rights to purchase a maximum of 4,200,000 Units at a Subscription Price of \$9.00 per Unit.
- (3) Calculated using the NAV of the Fund as at the close of business in Toronto, Canada on December 18, 2012 of \$123,742,962 plus the estimated proceeds from Units that may be issued on or before the Record Date plus the net proceeds of this Offering (assuming the exercise of all Rights to purchase a maximum of 4,200,000 Units).

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP the following is a general summary of the principal Canadian federal income tax considerations that apply to Unitholders who acquire Rights under this Offering. This summary applies only to individual Unitholders (other than trusts) who, for the purposes of the Tax Act, are resident in Canada, who hold the Rights, and any Units issued pursuant to the exercise of the Rights, as capital property, and deal at arm's length and are not affiliated with the Fund.

Generally, such Units and Rights will be considered to be capital property to a Unitholder provided that the Unitholder does not hold such Units or Rights in the course of carrying on a business of buying and selling securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of a trade. Certain Unitholders who might not otherwise be considered to hold Units as capital property may, in certain circumstances, be entitled to have such Units (but not Rights) and all other "Canadian securities", as defined in the Tax Act, owned or subsequently acquired by them treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This summary is based on a certificate of the Manager, the current provisions of the Tax Act, the regulations thereunder (the "Regulations") and counsel's understanding of the current published administrative practices and assessing policies of the Canada Revenue Agency (the "CRA") that are publicly available. This summary also takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, but does not otherwise take into account or anticipate any changes in the law, whether by

legislative, governmental or judicial action, or in the CRA's published administrative practices and assessing policies. There can be no assurance that such proposals will be enacted in the form publicly announced or at all.

This summary is based on the assumption that the Fund qualifies and will continue to qualify at all relevant times as a "mutual fund trust" for the purposes of the Tax Act. Unitholders should note that continued qualification is dependent upon factual determinations from time to time, including the number of Unitholders. This summary is also based on the assumption that the Fund is not, and will at no time be, a "SIFT trust" for purposes of the Tax Act. This summary, insofar as it is addressed to existing Unitholders, assumes a level of knowledge based on a Unitholder's current investment.

This summary is of a general nature only and does not take into account or consider the tax laws of any province or territory or of any jurisdiction outside Canada. This summary is not intended to be, nor should it be construed to be, legal or tax advice to any particular Unitholder, and no representations concerning the tax consequences to any particular Unitholder are made. Unitholders should consult their own tax advisers regarding the income tax considerations applicable to them having regard for their particular circumstances.

Acquisition of Rights

Under the Offering, no property owned by the Fund is being distributed to Unitholders, no amount is being made payable by the Fund to Unitholders and the identical offering is being made to all Unitholders under the Offering. Accordingly, the issuance of the Rights pursuant to the Offering should have no immediate tax consequences for a Unitholder and the Unitholder should be deemed to acquire the Rights under the Offering at a cost of nil.

A Right acquired by a Unitholder otherwise than pursuant to this Offering will be regarded as identical to every other Right held by the Unitholder at that time as capital property. For the purpose of determining the adjusted cost base of each Right respectively held by a Unitholder, the cost of Rights so acquired must be averaged with the adjusted cost base to the Unitholder of all other Rights respectively held as capital property immediately prior to such acquisition.

Exercise of Rights

The exercise of Rights will not constitute a disposition of property for purposes of the Tax Act and, consequently, no gain or loss will be realized upon the exercise of Rights. A Unit acquired by a Unitholder upon the exercise of Rights will have an aggregate cost to the Unitholder equal to the aggregate price paid for such Unit and the adjusted cost base, if any, to the Unitholder of the Rights so exercised. The cost of a Unit acquired by a Unitholder upon the exercise of Rights generally will be averaged with the adjusted cost base to the Unitholder of all other Units held at that time as capital property to determine the adjusted cost base of each such Unit to the Unitholder.

Disposition of Rights

Upon the disposition or deemed disposition of a Right by a Unitholder, other than pursuant to the exercise thereof, the Unitholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of reasonable costs of the disposition, exceed (or are less than) the adjusted cost base, if any, of the Right to the Unitholder. See "Taxation of Capital Gains and Capital Losses".

Expiry of Rights

Upon the expiry of an unexercised Right, a Unitholder will realize a capital loss equal to the adjusted cost base, if any, of the Right to the Unitholder. See “Taxation of Capital Gains and Capital Losses”.

Taxation of Capital Gains and Capital Losses

One-half of a capital gain (a “**taxable capital gain**”) will be included in the Unitholder’s income, and one-half of a capital loss (an “**allowable capital loss**”) must be deducted against taxable capital gains in the year of disposition, and the excess, if any, of such allowable capital losses remaining may be deducted in any of the three immediately preceding years, or any subsequent year, in accordance with detailed rules in the Act in that regard.

Capital gains realized by a Unitholder may give rise to alternative minimum tax.

Qualified Investments Status for Registered Plans

A Right will be a qualified investment under the Tax Act for trusts governed by registered retirement savings plans (“**RRSP**”), registered retirement income funds (“**RRIF**”), registered disability savings plans, deferred profit sharing plans, registered education savings plans and tax-free savings accounts (“**TFSA**”) (each, a “**Registered Plan**”) provided that either: (i) the Right is listed on a designated stock exchange (which includes the TSX) or (ii) the Units are qualified investments under the Tax Act for Registered Plans and the Fund is not an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the governing plan of the Registered Plan, and deals at arm’s length with each person who is an annuitant, a beneficiary, an employer or a subscriber under, or a holder of, the governing plan of the Registered Plan.

The Units that are issued on the exercise of the Rights will be qualified investments under the Tax Act for Registered Plans provided (i) the Units are listed on a designated exchange, (ii) the Fund is a mutual fund trust for purposes of the Tax Act, or (iii) the Fund is a registered investment for purposes of the Tax Act.

Notwithstanding that the Rights and Units may be qualified investments under the Tax Act for a particular trust governed by a RRSP, RRIF or TFSA (“**Subject Plans**”), the holder or the annuitant of the Subject Plan will be subject to a penalty tax in respect of Rights or Units held in the Subject Plan if such Rights or Units are “prohibited investments” within the meaning of the Tax Act. The Rights or Units will generally be “prohibited investments” if the holder or annuitant of the Subject Plan does not deal at arm’s length with the Fund for the purposes of the Act, or the holder of the Subject Plan has a “significant interest” (within the meaning of subsection 207.01(4) of the Tax Act) in the Fund or a corporation, partnership or trust with which the Fund does not deal at arm’s length for the purposes of the Tax Act. Holders of a trust governed by a Subject Plan should consult their own tax advisors in this regard. The Department of Finance (Canada) has recently indicated that it will recommend amendments to the Tax Act that will narrow the scope of the prohibited investment rules. However, no draft legislation has been released as of the date hereof.

RISK FACTORS

An investment in Units is subject to various risk factors, including the following risks which prospective purchasers should consider before purchasing any Units.

No Assurances on Achieving Objectives

There is no assurance that the Fund will be able to achieve or continue to achieve its objectives or that the Portfolio will earn any return.

There is no assurance that the Fund will be able to pay monthly distributions. The funds available for distribution to Unitholders will vary according to, among other things, the levels of distributions paid on the securities comprising the Portfolio and the value of the securities comprising the Portfolio. There can be no assurance that the NAV per Unit will be preserved or that distributions, if any, made to Unitholders will not be fully taxable.

There is no assurance that the Fund will be able to return any amount to Unitholders upon the termination of the Fund.

It is possible that, due to declines in the market value of the Portfolio securities, the Fund will have insufficient Portfolio assets to achieve in full its investment objectives.

Performance of the Portfolio

The NAV per Unit will vary as the fair value of the securities in the Portfolio varies. The Fund has no control over the factors that affect the fair value of the securities in the Portfolio, including factors that affect the equity markets generally, such as general economic and political conditions, the occurrence of catastrophes, and fluctuations in interest rates, and factors unique to each issuer included in the Portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution policies and other events that may affect the value of its securities. Some global economies have recently experienced a recession or diminished growth. No assurance can be given that such conditions will not continue or re-emerge, which may adversely affect the issuers in which the Fund from time to time may invest and the value of their securities included in the Portfolio.

Change to Portfolio

The composition of the Portfolio may vary widely from time to time and may be concentrated by type of security, commodity or industry, resulting in the Portfolio being less diversified than anticipated.

General Risks of Common Share Investments

The value of common shares in which the Fund from time to time invests may fluctuate in accordance with changes in the financial condition of those issuers, the condition of equity markets generally and other factors. The identity and weighting of the securities comprising the Portfolio also may change from time to time. Distributions and dividends on those securities generally depend upon the declaration of distributions and dividends from constituent issuers but there can be no assurance that those issuers will pay distributions or dividends on their securities. The declaration of such distributions and dividends generally depends upon various factors, including the financial condition of the issuer and general economic conditions.

The Fund also is subject to the risks inherent in investments in equity securities, including the risk that the financial condition of the issuers in which the Fund invests may become impaired or that the general condition of the stock markets may deteriorate. Equity securities are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in, and perceptions of, the issuers change. These investor perceptions are based on various and unpredictable factors including: expectations regarding government, economic, monetary and fiscal policies, inflation

and interest rates, economic expansion or contraction, and global or regional political, economic and banking and other crises (including the occurrence of catastrophes). Some global economies have recently experienced a recession or diminished growth. No assurance can be given that such conditions will not continue or re-emerge, which may adversely affect the issuers in which the Fund from time to time may invest and the value of their securities included in the Portfolio.

In many circumstances, the issuers included in the Portfolio may have limited operating histories. The value of the Portfolio will be influenced by factors that are not within the control of the Fund, which may include the financial performance of the respective issuers, interest rates, exchange rates and, in the case of resource-based issuers, commodity prices (which may vary and are determined by supply and demand factors including weather, the occurrence of catastrophes and general economic and political conditions), the hedging policies employed by such issuers, issues relating to the regulation of the natural resource industry and operational risks relating to the resource sector. The performance of issuers in which the Fund may invest also may be affected by the performance of their competitors and demand for specific products and services, and may be adversely affected by a change in any of such conditions.

The value of the Fund's investments in business trusts, and the income generated by business trusts, are subject to changes in general economic conditions and in industry specific conditions including the performance of competitors and demand for specific products and services, and may be adversely affected by a change in any of such conditions.

Fluctuations in Net Asset Value

The NAV per Unit and the funds available for distribution will vary according, among other things, to the value of the Portfolio securities acquired by the Fund, distributions, dividends and net realized capital gains paid thereon, the volatility of such securities and the levels of option premiums received. Fluctuations in the market values of the Portfolio securities in which the Fund invests and fluctuations in the NAV per Unit may occur for a number of reasons beyond the control of the Manager, the Advisor and the Fund, including factors that affect capital markets generally such as general economic and political conditions and factors unique to each issuer included in the Portfolio, such as changes in management, changes in strategic direction, achievement of strategic goals, mergers, acquisitions and divestitures, changes in distribution policies and other events that may affect the value of its securities. Some global economies have recently experienced a recession or diminished growth. No assurance can be given that such conditions will not continue or re-emerge, which may adversely affect the issuers in which the Fund from time to time may invest and the value of their securities included in the Portfolio.

Standards prescribed by Canadian generally accepted accounting principles ("Canadian GAAP") apply to investment funds which, among other changes, require investment funds to refer to the closing bid price of an investment for NAV calculation purposes for financial statement reporting (rather than the closing trade price of an investment). National Instrument 81-106 – *Investment Fund Continuous Disclosure* requires investment funds to calculate NAV for purposes other than financial statement reporting using the "fair value" of an investment fund's assets and liabilities. Accordingly, there may be differences, which could be significant, between NAV set out in the financial statements of the Fund calculated in accordance with Canadian GAAP and NAV used for other purposes calculated using "fair value" pursuant to National Instrument 81-106.

Sensitivity to Interest Rates

The market price of the Units may be affected by the level of interest rates prevailing from time to time. In addition, the NAV may be highly sensitive to interest rate fluctuations because the value of the Portfolio will fluctuate based on changes in interest rates. Further, any decrease in the NAV resulting from an increase in interest rates may also negatively affect the market price of the Units. Therefore,

Unitholders wishing to redeem or sell their Units will be exposed to the risk that the NAV or the market price of the Units will be negatively affected by interest rate fluctuations. Increases in interest rates will also increase the Fund's costs of borrowing.

Trading Price of Units

Units may trade in the market at a premium or discount to NAV per Unit and there can be no assurance that Units will trade at a price equal to such amount. This risk is separate and distinct from the risk that the NAV per Unit may decrease or possibly be zero.

In recognition of the possibility that the Units may trade at a discount, the terms and conditions attaching to the Units have been designed to attempt to reduce or eliminate a market value discount from NAV per Unit by way of mandatory and optional purchases of Units by the Fund, as described under "Description of Units and Unitholder Matters – Fund Units", and by way of the annual redemptions of Units. There can be no assurance that purchases and/or redemptions of Units by the Fund will result in the Units trading at a price which is equal to the NAV per Unit. The Fund anticipates that the market price of the Units will vary from NAV per Unit in any event. The market price of the Units generally is determined by, among other things, the relative demand for and supply of Units in the market, the performance of the Portfolio, the Unit's yield and investor perception of the Fund's overall attractiveness as an investment as compared with other investment alternatives.

Oil and Gas and Energy Investments

The business activities of issuers involved primarily in oil and gas or renewable energy exploration and development are speculative and may be adversely affected by factors outside the control of those issuers. Such issuers may not hold, discover or successfully exploit commercial quantities of petroleum, natural gas, minerals or renewable energy sources, which may adversely affect the value of investments in the securities of such issuers. In addition, certain of those issuers may not have a history of earnings or payment of distributions or dividends.

Oil and gas prices have fluctuated widely during recent years and are affected by supply and demand, political events, weather and economic conditions, among other things, which can adversely affect the value of oil and gas and energy-related investments.

Real Estate Investments

Investments in real estate investment trusts ("REITs") are subject to the general risks associated with real property investments. Real property investments are affected by various factors including changes in general economic conditions (such as the availability of long-term mortgage funds) and in local conditions (such as oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from other available space and various other factors.

The value of real property and any improvements thereto also may depend on the credit and financial stability of the tenants. A REIT's income and funds available for distribution to its unitholders would be adversely affected if a significant number of tenants were to become unable to meet their obligations to the REIT or if the REIT were unable to lease a significant amount of available space in its properties on economically favourable lease terms.

Commodity Price Fluctuation

The operations and financial condition of resource-based issuers, including oil and gas royalty trusts, and the amount of distributions or dividends paid on their securities, is dependent in part on commodity prices applicable to the commodities sold by such issuers. Prices for commodities will vary and are determined by supply and demand factors, including weather, general economic conditions and political conditions. A decline in commodity prices could have an adverse effect on the operations and financial conditions of such issuers and the amount of distributions or dividends paid on their securities. In addition, certain commodity prices are based on a U.S. dollar market price. Accordingly, an increase in the value of the Canadian dollar against the U.S. dollar could reduce the amount of distributions or dividends paid on the securities of such resource-based issuers.

High Yield Debt Securities

The Fund may invest in high yield debt securities which involve greater risk than investment grade debt securities, including risks of default on interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. As there are no formal exchanges on which many high yield debt securities trade, there may be less liquidity for holders of such securities.

Reliance on the Advisor

With respect to the Portfolio, the Advisor advises the Fund in a manner consistent with the Fund's investment guidelines. Although the employees of the Advisor who are primarily responsible for managing the Portfolio have extensive experience in managing investment portfolios, there is no certainty that such individuals will continue to be employees of the Advisor throughout the term of the Fund.

Illiquid Securities

There is no assurance that an adequate market will exist for the securities held in the Portfolio. The Fund cannot predict whether the securities held by it will trade at a discount to, a premium to, or at their respective net asset values, if applicable. If the market for a specific security is particularly illiquid, the Fund may be unable to acquire or dispose of such securities for the Portfolio or may be unable to acquire or dispose of such securities at an acceptable price. In addition, if the Manager is unable, or determines that it is inappropriate, to dispose of some or all of the securities held in the Portfolio prior to the Termination Date, Unitholders may, subject to applicable laws, receive distributions of securities in specie upon the termination of the Fund, for which there may be an illiquid market or which may be subject to resale restrictions of indefinite duration.

Use of Leverage

The use of leverage may result in capital losses or a decrease in distributions to Unitholders. If the value of the Portfolio decreases such that the amount borrowed under the Loan Facility exceeds 30% of the aggregate market value of the assets within the Portfolio, the Fund may be required to sell investments in order to comply with such restriction. Such sales may be required to be done at prices which may adversely affect the value of the Portfolio and the return to the Fund. The interest expense and banking fees incurred in respect of the Loan Facility will decrease the value of the assets of the Fund, thereby reducing the amounts available to pay distributions on the Units. In addition, the Fund may not be able to renew the Loan Facility on acceptable terms or at all. There can be no assurance that the borrowing strategy employed by the Fund will enhance returns.

Sensitivity to Volatility Levels

The Fund from time to time may sell call options in respect of a portion of the common shares in the Portfolio. Such call options may be either exchange traded or over-the-counter options. By selling call options, the Fund will receive option premiums. The amount of option premium depends upon, among other factors, the implied volatility of the price of the underlying security as, generally, the higher the implied volatility, the higher the option premium. The level of implied volatility is subject to market forces and is beyond the control of the Advisor or the Fund.

Use of Options and Other Derivative Instruments

The Fund is subject to the full risk of its investment position in the securities comprising its Portfolio, including those securities that are subject to any outstanding covered call options and those securities underlying any cash covered put options written by the Fund, should the market price of such securities decline. In addition, the Fund will not participate in any gain on the securities that are subject to outstanding covered call options above the exercise price of such options.

There is no assurance that a liquid exchange or over-the-counter market will exist to permit the Fund to write covered call options or cash covered put options or purchase put options or call options on desired terms or to close out option positions should the Advisor desire to do so. The ability of the Fund to close out its positions also may be affected by exchange imposed daily trading limits on options or the lack of a liquid over-the-counter market. If the Fund is unable to repurchase a call option which is in-the-money, it will be unable to realize its profits or limit its losses until such time as the option becomes exercisable or expires. In addition, upon the exercise of a put option, the Fund will be obligated to acquire a security at an exercise price which may exceed the then current market value of such security.

In purchasing call or put options or entering into other derivative contracts, the Fund is subject to the credit risk that its counterparty (whether a clearing corporation, in the case of exchange traded instruments, or other third party, in the case of over-the-counter instruments) may be unable to meet its obligations.

Status of the Fund

As the Fund is not considered to be a mutual fund under Canadian securities legislation, the Fund is not subject to the various policies and regulations that apply to mutual funds such as NI 81-102.

The Fund is not a trust company and is not registered under legislation of any jurisdiction governing trust companies as it does not carry on, nor does it intend to carry on, the business of a trust company. The Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that Act or any other legislation.

Securities Lending

The Fund may engage in securities lending. Although the Fund will receive collateral for the loans, and such collateral is marked to market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and should the collateral be insufficient to reconstitute the portfolio of loaned securities. In addition, the Fund will bear the risk of loss of any investment of cash collateral.

Risks of Short Sales

The Fund may engage in short selling securities to a maximum of 10% of the NAV. A short sale of a security may expose the Fund to losses if the price of the security sold short increases because the Fund may be required to purchase such securities in order to cover its short position at a higher price than the price at which such securities were sold short. The potential loss on the short sale of securities is unlimited, since there is no limit on how much the price of a security will appreciate before the short position is closed out. In addition, a short sale entails the borrowing of the security in order that the short sale may be transacted. There is no assurance that the lender of the security will not require the security to be repaid before the Fund wishes to do so, thereby requiring the Fund to borrow the security elsewhere or purchase the security in the market at an unattractive price. In the event that numerous lenders of the security in the market simultaneously recall the same security, a “short-squeeze” may occur, whereby the market price of the borrowed security may increase significantly. In addition, the borrowing of securities entails the payment of a borrowing fee. There is no assurance that a borrowing fee will not increase during the borrowing period, adding to the expense of the short sale strategy. In addition, there is no assurance that the security sold short can be repurchased due to supply and demand constraints in the marketplace.

No Ownership Interest

An investment in Units does not constitute an investment by Unitholders in the securities included in the Portfolio. Holders of Units will not own the securities held by the Fund.

Risks Related to Redemptions

Many other closed end funds with a similar annual redemption feature as the Fund have experienced significant redemptions and, as a result, some have ceased to be economically feasible and have been terminated or merged with other funds.

If holders of a substantial number of Units exercise their redemption rights, the number of Units outstanding and the NAV of the Fund could be significantly reduced. If a substantial number of Units is redeemed, this could decrease the liquidity of the Units in the market and increase the management expense ratio of the Fund. In any such circumstance, the Manager may determine it appropriate to (i) suspend redemptions of Units, (ii) merge, reorganize or otherwise combine the Fund with another fund, and/or (iii) seek to terminate the Fund.

Loss of Investment

An investment in Units is appropriate only for an investor that can withstand distributions not being made on the Units for any period of time and that can withstand a partial or total loss of its investment.

Foreign Currency Exposure

As a portion of the Portfolio may be comprised of securities denominated in U.S. dollars or other foreign currencies, the NAV of the Fund and the value of the distributions received by the Fund will, when measured in Canadian dollars, be affected by fluctuations in the value of the U.S. dollar or other foreign currencies relative to the Canadian dollar.

Foreign Market Exposure

The Portfolio may, at any time, include securities of issuers established in jurisdictions outside Canada and the United States. Although most of such issuers will be subject to uniform accounting, auditing and financial reporting standards comparable to those applicable to Canadian and U.S. companies, some issuers may not be subject to such standards and, as a result, there may be less publicly available information about such issuers than there would be with respect to a Canadian or U.S. company. Volume and liquidity in some foreign stock markets may be less than in Canada and the U.S. and, at times, volatility of price may be greater than in Canada or the U.S. As a result, the price of such securities may be affected by conditions in the market of the jurisdiction in which the issuer is located or its securities are traded.

Nature of Units

A Unit represents an undivided interest in the net assets of the Fund. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions. Units are dissimilar to debt instruments in that there is no principal amount nor interest obligations owing to Unitholders.

Tax Related Risks

If the Fund ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading “Canadian Federal Income Tax Considerations” would be materially and adversely different in certain respects. There can be no assurance that Canadian federal and provincial income tax laws respecting the treatment of mutual fund trusts will not be changed in a manner that adversely affects the Unitholders.

In determining its income for tax purposes, the Fund will treat option premiums received on the writing of covered call options and cash covered put options and any losses sustained on closing out options as capital gains or capital losses, as the case may be, in accordance with its understanding of CRA’s published administrative policies and assessing practices. Gains or losses realized upon the disposition of securities held in the Portfolio upon exercise of a call option will be treated as capital gains or losses. If, contrary to the CRA’s published administrative policies, some or all of the transactions undertaken by the Fund in respect of options and securities were treated as income rather than capital gains, after-tax returns to holders of Units could be reduced.

Changes in Legislation

There can be no assurance that income tax laws and government incentive programs relevant to the Fund and its investments will not be changed in a manner which adversely affects the distributions, if any, received by the Fund or by Unitholders.

EXPERTS

The matters referred to under “Canadian Federal Income Tax Considerations” and certain other legal matters relating to the securities offered hereby will be passed upon by Fasken Martineau DuMoulin LLP on behalf of the Fund. As at the date hereof, the partners and associates of Fasken Martineau DuMoulin LLP, Toronto, beneficially own, directly or indirectly, less than one percent of the outstanding Units.

AUDITOR

The auditor of the Fund is Deloitte & Touche LLP, Suite 1400, Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2V1.

Deloitte & Touche LLP reports that it is independent of the Fund in accordance with the rules of professional conduct of the Institute of Chartered Accountants of Ontario.

CUSTODIAN AND VALUATION AGENT

RBC Investor Services Trust has been appointed custodian of the assets of the Fund and may employ sub-custodians as considered appropriate in the circumstances. RBC Investor Services Trust also has been appointed as valuation agent of the Fund and will provide, among other things, valuation services to the Fund and will calculate the NAV of the Fund. The address of the custodian and valuation agent is 335 8th Avenue S.W., 23rd Floor, Calgary, Alberta, T2P 1C9.

REGISTRAR AND TRANSFER AGENT

MFL Management Limited at its principal offices located at Suite 5800, 1 First Canadian Place, Toronto, Ontario, M5X 1A6 has been appointed the registrar and transfer agent for the Units.

PURCHASER'S STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. **The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.**

INDEPENDENT AUDITOR'S CONSENT

We have read the short form prospectus of MINT *Income Fund* (the "**Fund**") dated December 19, 2012 relating to the offering of rights to subscribe for units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned prospectus of our report to the unitholders of the Fund on the statement of investment portfolio of the Fund as at December 31, 2011, the statements of net assets as at December 31, 2011 and 2010 and the statements of operations, changes in net assets and cash flows for the years then ended. Our report is dated March 12, 2012.

(signed) *Deloitte & Touche LLP*
Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
December 19, 2012

CERTIFICATE OF THE FUND AND THE MANAGER

Dated: December 19, 2012

This short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

MINT Income Fund
By: Middlefield Limited

By: (signed) Robert F. Lauzon
President, acting in the capacity of Chief
Executive Officer

By: (signed) Francisco Z. Ramirez
Chief Financial Officer

**On behalf of the board of directors of
MIDDLEFIELD LIMITED**

By: (signed) Vincenzo Greco
Director

By: (signed) Robert F. Lauzon
Director

By: (signed) Francisco Z. Ramirez
Director

The Manager
MIDDLEFIELD LIMITED

By: (signed) Robert F. Lauzon
President, acting in the capacity of Chief
Executive Officer

By: (signed) Francisco Z. Ramirez
Chief Financial Officer

**On behalf of the board of directors of
MIDDLEFIELD LIMITED**

By: (signed) Vincenzo Greco
Director

By: (signed) Robert F. Lauzon
Director

By: (signed) Francisco Z. Ramirez
Director

CERTIFICATE OF THE DEALER MANAGER

Dated: December 19, 2012

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of each of the provinces and territories of Canada.

MIDDLEFIELD CAPITAL CORPORATION

By: (signed) Jeremy Brasseur